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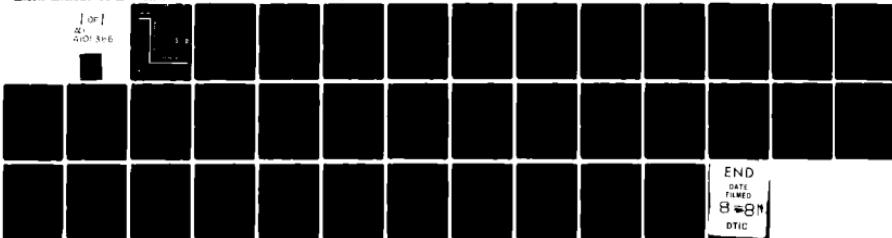
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AIR FORCE SENIOR EXECUTIVE APPRAISAL SYSTEM

By

John A. Guerrieri, Major, USAF

MANPOWER AND PERSONNEL DIVISION
Brooks Air Force Base, Texas 78235

June 1981

Final Report

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This report is submitted by the Manpower and Personnel Division, under Project 7731, with HQ Air Force Human Resources Laboratory (AFSC), Brooks Air Force Base, Texas 78235.

This report has been reviewed by the Office of Public Affairs (PA) and is releasable to the National Technical Information Service (NTIS). At NTIS, it will be available to the general public, including foreign nations.

This special report has been reviewed and is approved for publication.

**RONALD W. TERRY, Colonel, USAF
Commander**

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At the end of the appraisal period, the executive's supervisor rates the performance of the executive on each requirement. The supervisor also renders an initial overall rating on the individual. Both the performance plan and the ratings are reviewed by the reviewing official (usually the supervisor's supervisor). Once the appraisal is complete, it is sent to an organizational Performance Review Board (PRB). A test of the PRB procedures indicated that they were effective in differentiating between individuals based on performance and that there was no significant systematic discrimination on the basis of race or sex. To operationally distribute bonuses, the Air Force convened five organizational PRBs and one central PRB. This configuration of PRBs was selected because it provided the maximum decentralization while ensuring that the best performers in the Air Force were rewarded.

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June 1981

AIR FORCE SENIOR EXECUTIVE APPRAISAL SYSTEM

By

John A. Guerrieri

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**This is a Special Report prepared for the Director of Civilian Personnel (AF/MPK) in response to RPR 76-
40. Supervisory Appraisal System for Air Force Employees.**

SUMMARY

Requirement

The Senior Executive Appraisal System (SEAS) was developed in response to the requirements of the Civil Service Reform Act of 1978 and a Request for Personnel Research (RPR 76-40) submitted to the Air Force Human Resources Laboratory by the Air Force Directorate of Civilian Personnel. The appraisal system provides a method for objectively assessing the performance of Air Force Senior Executives.

System Development

The Senior Executive Appraisal System was designed by integrating information gathered from a review of the literature, a review of existing executive appraisal systems, and guidance from Air Force executives (military and civilian). The most important component of the SEAS is the performance plan. The plan provides the executives with an opportunity to list their performance requirements, to designate whether these requirements are critical or noncritical, and to assign priority weights to the requirements as a method of specifying their relative importance. The completed performance plan is then reviewed and signed by the executive and his/her supervisor.

At the end of the appraisal period, the executive's supervisor rates the performance of the executive on each requirement. The supervisor also renders an initial overall rating on the individual. The appraisal is then reviewed (the reviewing official is usually the supervisor's supervisor), and after the appraisal is complete, it is sent to an organizational Performance Review Board (PRB).

A test of the PRB procedures indicated that they were effective in differentiating between individuals based on performance and that there was no significant systematic discrimination on the basis of race or sex. To operationally distribute bonuses, the Air Force convened five organizational PRBs and one central PRB. This configuration of PRBs was selected because it provided the maximum decentralization while ensuring that the best performers in the Air Force were rewarded.

Recommendations

In order for the SEAS to maintain its usefulness, viability, and credibility, the system must be monitored continually to determine methods of improvement. It is also essential that the SEAS training be continually updated and that all appropriate individuals receive adequate training.

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PREFACE

This project could not have been completed without the timely and professional assistance of Mr. J. Craig Cambey (the Air Force Director of Civilian Personnel) and his staff, especially Mr. Wyverne Flatt, Ms. Karen Bingo, and Ms. Barbara Kelly. Sincere appreciation is also extended to the general officers and the members of the Air Force Senior Executive Service who participated in the development of the appraisal system. Dr. Forrest Ratliff deserves special recognition for his guidance and assistance in the conceptual development of the Senior Executive Appraisal System.

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AIR FORCE SENIOR EXECUTIVE APPRAISAL SYSTEM

I. BACKGROUND

In 1976, the Air Force Human Resources Laboratory (AFHRL) was tasked to develop an appraisal system for all Air Force civilian employees. Three subsystems were required to accomplish the goal of providing objective methods to assess the performance of (1) members of the Senior Executive Service, (2) General Managers (GM 13-15), and (3) General Schedule (GS) and Federal Wage System employees in grades 1-15. This report focuses on the first of these subsystems: the design and development of the Senior Executive Appraisal System (SEAS), the SEAS training program, and other topics pertinent to this development. One of the primary uses of the system will be to use the appraisals as the basis for awarding bonuses to senior executives.

The specific requirements of the SEAS are delineated in Public Law 95-454 (the Civil Service Reform Act (CSRA) of 1978) and guidance provided by the Office of Personnel Management (OPM). Excerpts from PL 95-454 and information provided by OPM concerning the guidelines for developing an executive appraisal system for senior executives are included in Appendix A.

II. SYSTEM DESIGN

Review and Evaluation of Appraisal Systems

The initial step in designing the SEAS was a review of literature on the topic of executive appraisal along with an evaluation of current systems used in private industry and those being developed by Federal agencies in response to the CSRA. A selected bibliography relevant to the development of the SEAS is contained in Appendix B.

Results of the literature review indicated that none of the systems reported or suggested addressed the design or development of an executive appraisal system that would meet the specific CSRA requirements. The emphasis of appraisal systems used by private corporations is in determining which executive is best suited for promotion rather than in appraising actual job performance. However, many organizations have adopted a Management-by-Objective (MBO) system in which managers specify their objectives for the rating period, with their performance being appraised subsequently on the basis of the extent to which they met or exceeded their goals.

For example, one company was found to use a modified MBO system that included some concepts relevant to the development of a system that would meet the CSRA requirements. Their system required a delineation of (1) the position accountabilities, which are the expected results defined by a position analysis; (2) the objectives, which state what must be planned in order to get satisfactory results in each accountability; (3) the standards of measurement, which will ensure an objective analysis of the incumbent's performance; (4) a description of the incumbent's actual performance; and (5) the supervisor's appraisal of the incumbent's overall performance level in terms of results achieved.

Among Federal agency systems developed in response to the CSRA, the National Aeronautics and Space Administration (NASA) had developed a system that met all the CSRA requirements. Therefore, it proved to be an excellent starting point for the development of the Air Force system even though it did not meet the specific needs of the Air Force.

The NASA system provides for a performance plan in which each executive designates at least one special objective and one or more continuing responsibilities under each of three critical elements. The critical elements are management performance, program performance, and individual initiatives. The performance plan also provides for a listing of the actions required by supervisors or peers to achieve the

executive's objectives and specifies the relative importance of the special objectives and continuing responsibilities.

In addition, the NASA system requires that at least one progress review be held between the rating official and the executive. At the end of the rating period, the actual achievements of the executive are described, and the degree of achievement is evaluated. The critical elements are then rated. The element ratings are justified using a short narrative summary, and finally, an overall rating is rendered.

Other Government agencies (Army; Navy; Department of Labor; Department of Health, Education, and Welfare; Department of the Treasury; Office of Personnel Management; and Department of Transportation) were contacted. None of these agencies was sufficiently advanced in the development of its executive appraisal system to provide a detailed description. Invariably, the approach preferred by each agency was a modification of the classic MBO system.

Development of the Air Force Model

Based on the CSRA requirements, the literature, private industry systems, and government systems (actual and proposed), it was decided that the most appropriate approach would be to design a system that incorporated the best attributes of all systems reviewed and evaluated which met the CSRA requirements. It was also decided that in order to maximize user acceptance and ease of implementation, high-level management support and user participation in the development would be desirable. Thus, prospective senior executives were employed in every phase of the development. The appraisal system development thereby incorporated both substantiated and tried psychological principles as well as management experience and judgement. Therefore, an initial "strawman" system was developed and tested.

The "strawman" system was similar to the proposed NASA system: (1) the appraisal would contain three performance areas: Program, Management, and Individual; (2) performance requirements would be specified in each of the areas and would be written at the level that would indicate fully successful performance; (3) each performance area would have at least *one critical requirement* that must be achieved for successful performance and *one objective* that indicated an area in which the executive was going to improve; (4) each performance area would be rated, and in addition, a separate overall rating would be provided by the supervisor; (5) the executive, the rating official (supervisor), and the reviewer (the first line supervisor's supervisor) would all be given an opportunity to comment on the rating; and (6) no restrictions on length of comments were specified.

Members of the AFHRL research team met with military and civilian members of the SES Ad Hoc Group, which included managers from the Air Staff, Air Force Systems Command, Air Force Logistics Command, and the Office of the Secretary of the Air Force. The members of this group represented the organizations that contained more than 90 percent of the authorized Air Force SES positions. This broad Command representation was deemed a necessity to ensure a feeling of involvement by the individuals affected by the system.

During this meeting, the Command representatives reviewed and modified the initial design proposed by the AFHRL research team. Their changes included: (1) revising the designation of the first performance area from Program to Function/Program so that it would have more meaning to Air Force executives; (2) specifying at least one critical requirement in the performance plan, rather than in each performance area (this change was made because the wide spectrum of jobs inherent in the Air Force SES might preclude an executive from having a critical requirement in each performance area); and (3) deleting the concept of objectives because it was felt that the most important aspect of the performance plan was to delineate the responsibilities and requirements for the rating period. It was perceived as unrealistic to assume that each executive would be able to specify a realistic objective (e.g., reduce paperwork by 34%) because of their varied jobs.

The group also specified some system parameters they perceived as essential: (1) limit the form to a single page, (2) avoid a system that provides a false sense of specificity by attributing numeric scores to somewhat subjective judgments, and (3) utilize management guidance to the maximum extent possible in the development of the system.

These parameters and suggested modifications were incorporated into a revised SEAS model and briefed to the Air Force CSRA Working Group on 5 April 1979. The CSRA working group then recommended a minor modification to the model: specifically, the executives were to receive a rating on each performance requirement in addition to the performance area ratings and the overall rating. This change could increase the objectivity of the overall rating because it provided the supervisor with ratings on the specific individual requirements to use when making the overall rating. Also, it was thought that this type of rating system would provide feedback to the executives, enabling them to see where they excelled and where they needed to improve.

Pretest of the Senior Executive Appraisal System (SEAS)

The revised SEAS model was tested on a small group of 10 senior executives and general officers to determine the appropriateness of the concepts, procedures, and forms. The participants were provided a half-day training session on the requirements of the CSRA, the proposed appraisal system, and the development actual performance requirements. At the end of the training session, the participants were instructed to develop performance requirements and specify the critical requirements of their jobs.

The major problem identified by the group was difficulty in describing their jobs in "measurable" or "results oriented" statements. However, given the constraints of the law, they indicated that the system designed by AFHRL was suitable for use by Air Force senior executives. The results from this trial provided information necessary to determine training requirements, to refine the appraisal system further, and to develop the final SEAS model.

Development of the Training Program

Many of the problems identified by the field-test group resulted from insufficient training. Therefore, in order to prepare Air Force senior executives and their supervisors to develop a performance plan and to understand the requirements of the CSRA, a comprehensive training program was developed. The training was centered around information contained in a pre-workshop handbook for the senior executives and one for their supervisors. After studying the handbook, the executive and supervisor attended a workshop in which application of knowledge obtained from the handbook took place.

The handbook for the senior executive provided (1) an explanation of the legal requirements of the CSRA pertinent to the SES; (2) a description of the SEAS; and (3) procedures for, as well as practice in, developing an effective performance plan. The handbook designed for the supervisors conveyed the same information with fewer details on the procedures for developing a performance plan and contained no practice exercises.

The workshop lasted a full day for the senior executive and half-day for the executive's supervisor. During the morning session, the executives were instructed in completing a performance plan and then provided the opportunity to write their own performance requirements with the assistance of the facilitators. The afternoon session included their supervisors, and provided an opportunity for the supervisor and executive to determine the contents of the performance plan jointly. As in the morning session, facilitators were available to assist the participants as required.

Description of the Final SEAS

The SEAS has two major components: the performance appraisal, and the Performance Review Boards (PRBs). The appraisal consists of a performance plan and supervisory ratings. The performance

plan provides a medium for (1) identifying the performance requirements of the executive, (2) designating critical requirements, (3) assigning priority weights to the requirements, and (4) specifying any actions or resources required to meet the requirements.

The performance plan. As required by CSRA, the performance plan is developed by the rating official in consultation with the executive at the beginning of the rating period. However, the rating official retains final approval authority for the performance requirements assigned. The assigned performance requirements are recorded in one of three performance areas (see Table 1).

Table 1. Description of the SEAS Performance Areas

| | |
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| Function/Program: | This area includes program planning; program implementation; completing studies, reports and contracts; developing new policies; and program information exchange, dissemination, or documentation, etc. |
| Management: | This area includes organizing; budgeting; personnel utilization and development; internal/external communication; meeting EEO requirements; administrative activities; etc. |
| Individual: | This area includes participation in special projects, Ad Hoc committees and task teams; development or action on innovative ideas; professional development, conferences and seminars; and other development activities. |

Each performance area will contain at least *one* performance requirement. A performance requirement specifies the result to be achieved, the expected level of achievement, and the time in which it must be achieved for fully successful performance. Table 2 provides some examples of SES performance requirements.

Table 2. Examples of SES Performance Requirements

1. Identify 2% of the positions with career advancement opportunities for Project Mainstream by 30 June.
2. Reverse the trend on rising indirect and overhead costs and achieve a ratio of 45/55 on direct/indirect costs by 30 June.
3. Publish supplement to AFSCR 800-10 by 30 April.
4. Broaden subordinates professional skills by providing each with two developmental assignments outside his/her specialty by 30 March.

Once the performance requirements are identified, those which are critical are designated. A critical requirement is any requirement of the job which is sufficiently important that inadequate performance of it outweighs acceptable performance in other aspects of the job.

Each performance requirement also has a priority weight assigned to indicate the relative importance of that performance requirement to the total SES position. The total of the priority weights must equal 100. Critical requirements will generally, but not necessarily, receive a higher priority weight.

The final section of the performance plan (Action/Resources Required) enables the executive to indicate the actions, resources, and inputs from outside sources that are necessary to achieve the performance requirements.

The appraisal system also provides for revision of the performance plan and feedback to the executive as part of the normal management process during the rating period. These performance reviews, provide the supervisor and executive with opportunities to discuss the executive's performance, changes in mission requirements, and the impact of outside influences over which the executive may have no control.

The rating process. At the end of the rating period, the rating official renders an adjectival rating to assess the performance of the senior executive for each performance requirement, each performance area, and overall performance. The possible ratings are described in Table 3. The performance area ratings should not necessarily be a cumulative average of the ratings of the individual performance requirements but they should be highly correlated. Similarly, the overall rating should not necessarily be a cumulative average of the performance area ratings. Instead it should indicate the rating official's judgment of the executive's overall performance. If performance on any critical element is considered unsatisfactory, then the overall rating must be below Fully Successful.

Table 3. Rating Definitions

| | |
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| OUTSTANDING: | Consistently performs in an outstanding manner which far exceeds the Fully Successful criteria. |
| EXCELLENT: | Consistently performs in a manner which is considerably above the Fully Successful criteria. |
| FULLY SUCCESSFUL: | Performance was at the level which would normally be expected of a senior executive. |
| MINIMALLY ACCEPTABLE: | Often performs in a manner which falls below the Fully Successful criteria. |
| UNSATISFACTORY: | Consistently performs in a manner which falls well below the Fully Successful criteria. |

The rating official is also required to describe the executive's performance on all critical requirements and to substantiate all noncritical requirements rated Unsatisfactory, Minimally Acceptable, or Outstanding with a short narrative description. The narrative substantiation should be objective and relate to the specific results or accomplishments of the executive relevant to his/her performance requirements.

After the appraisal has been completed by the rating official, the executive is given an opportunity to review the ratings and to make comments as required. Then the appraisal is reviewed by an individual at a higher level of management in the organization. This higher-level review is to maximize the objectivity and equity of senior executives' appraisals.

At the end of the rating period, the initial appraisal is completed by the rating official and reviewed by the executive and the reviewer. To meet the CSRA requirements, this appraisal is then forwarded to a Performance Review Board (PRB) for review. A flow chart of the Senior Executive Appraisal System is provided in Appendix E.

Development of Performance Review Board (PRB) Procedures

In order to ensure the most equitable board procedures for evaluating SES performance, AFHRL reviewed the current literature on selection boards, the current Air Force officer selection board system, and the use of selection committees in private industry. The use of PRBs was mandated by the CSRA, and their use is supported by the literature and existing management policies.

The most important task was to develop a set of criteria appropriate to the needs and requirements of the Air Force for assessing executive performance. A wide variety of decision criteria was initially considered; however, the constraints of the CSRA, OPM guidance, and Air Force requirements limited the choices of realistic criteria to various dimensions of difficulty, importance, and risk. The criteria initially selected were:

1. Level of effort required to accomplish the activity.
2. Amount of attention required to manage and monitor the activity.
3. Degree of impact (e.g., widespread applicability versus local relevance) of the activity.
4. Dollar value of the activity.
5. The financial risk involved in attempting the activity.
6. The potential for gain or loss of organizational or personal prestige inherent in the activity.

In addition, the scoring procedures developed provide for an objective and supportable method of ranking the executives being considered by the board. "Mock" boards were then used to test these criteria for their utility and objectivity in assessing the performance of senior executives.

The procedures specified for use by these boards in scoring the appraisals were as follows: (1) Each board member independently scored the appraisal; (2) The scores were based on the performance of the executive rather than his/her position; (3) The board members were directed to consider both the performance requirements and specific achievements identified on the appraisal so that an executive with low standards and high rating would not be perceived as a better performer than an executive with much higher standards and a lower overall rating; (4) the scale used had a range of 1 to 10 with whole number increments and a score of five was designated as the point that indicated average achievement for a senior executive; (5) since each appraisal was scored by the entire board, minor differences were expected and appropriate, but when any two board members differed by more than three points, a "split" was declared and the appraisals were rescored, after relevant discussion, by the entire panel; (6) once the scoring and rescoreing were completed, the average score for each executive was computed; and (7) the average scores were then used to rank the executives being considered.

Performance Review Board Simulations. Two "mock" boards were convened to test the procedures, to determine their appropriateness to the Air Force senior executives, and to verify their freedom from bias (e.g., against females and minority members). The first board consisted of two Colonels with prior experience in Air Force selection boards and three civilian personnel who were in management positions but were unfamiliar with Air Force board procedures. Three of the board members were male and two were female.

The major purpose of the first "mock" board was to determine if the procedures discriminated against a minority group or females. In order to accomplish this task, 22 actual senior executive performance plans were obtained. Using the actual performance plans was important because it enhanced the perceived reality of the process. Since ratings were not available, simulated ratings and written

justifications were added to provide a set of complete and realistic performance appraisals to the board. Each appraisal was assigned one of three overall ratings (Outstanding, Excellent, or Fully Successful) and justification was provided to substantiate the assigned rating.

With the appraisal stratified into three rating groups, fictitious names that were obviously male, female, Anglo, and/or Hispanic surnamed were randomly assigned to each group. Hispanic surnames were used to represent the various ethnic minorities because the names readily identified individuals as members of a minority group. Since the board members were not provided any information other than the appraisal, the use of an obvious ethnic minority name was thought to be the most appropriate method for indicating ethnic backgrounds of the executives. A brief explanation was given to the board members on the use of the scoring procedures. The board scored each appraisal then rank-ordered the executives based on the scores.

As a check on the existence of any systematic discrimination inherent in the procedures, the board was reconvened. For the second trial run, the same appraisals were used, however, the names were changed. All appraisals with female and/or Hispanic names were given non-minority male names. Those appraisals that originally had the non-minority male names were given female and/or Hispanic names.

A comparison of the results of the two trials indicated that the board members were consistent in their rankings and that there was no significant difference between the means of the overall ratings of males, females, and minority members (see Appendix C). The board was consistent in selecting the same or similar appraisals to recommend for bonuses.

The restrictions on bonus distribution were such that 11 of the 22 individuals considered could be recommended for a bonus. On Day 1, seven white males, one female, and three Hispanic members were selected for a bonus. Conversely on Day 2, four white males, four females, and three Hispanic members were recommended for bonuses. Based on these results, it was inferred that no systematic discrimination inherent in the procedures existed. However, a few minor administrative problems were detected while running these boards and appropriate changes were made. The most important change was to provide the board members with some experience in using the procedures by allowing them to participate in a trial run, then thoroughly debriefing them on their performance.

A second "mock" board was convened at Air Force Headquarters to determine if actual members of the SES and Air Force officers could effectively use the revised procedures on a wide variety of jobs. The membership of this board was designed to approximate a true PRB. Therefore, a career SES member acted as president, with other career members and high-level military representatives on the board. The membership included three civilian and two military representatives, one of which was a minority member (a black officer). The selections of this board were neither statistically nor practically different from those of the previous board. All executives with an outstanding or excellent rating were recommended for a bonus regardless of gender or minority membership. None of the executives with a fully successful rating were recommended for a bonus. However, the board members indicated that in an actual PRB they would have requested additional information for some cases prior to providing a final score for the executive.

The results of both boards were then analyzed and the policies and criteria of the boards were determined. The analysis showed that the boards found only three criteria to be critical: (1) The level of effort required to accomplish performance requirements; (2) the amount of attention required to manage and monitor the performance requirements; and (3) the potential for gain or loss of organizational and/or personal prestige inherent in the performance requirements.

Administratively, the board members found that both a trial run and very detailed instructions were highly desirable. However, they indicated that the actual processes utilized by the board members should be sufficiently flexible to allow for individual information-processing techniques.

Based on these findings, final procedures were developed for use by the actual PRBs. The suggested briefing for the PRBs is provided as Appendix D. It was anticipated that this briefing would be modified to meet the specific requirements of the various PRBs.

Operational PRB Considerations. The purpose of a PRB is to make certain there is consistency, stability, and objectivity within the SES. Various board configurations were considered by the Executive Resource Board for operational use: (1) a single Air Force PRB, (2) five organizational PRBs, and (3) six PRBs—the five organizational boards plus a Central PRB.

The single PRB concept was discussed but rejected by the Executive Resources Board. Air Force management wanted to decentralize selection as much as possible to ensure the decisions were made by the most knowledgeable individuals and to preclude the potential bias to favor the executives' visibility rather than their performance.

To decentralize the selection of senior executives for bonus awards, the use of five organizational PRBs was considered. These boards would represent the executives in (1) the Office of the Secretary of the Air Force, (2) Headquarters Air Force, (3) Air Force Systems Command, (4) Air Force Logistics Command, and (5) all other major commands not specifically covered by the other four boards. These boards would identify the high performers within the group of executives reviewed by each board. After the board decisions were made, the appointing authorities (designated by the Secretary of the Air Force) would distribute bonuses based on the recommendations of their PRBs.

This approach was acceptable to the Executives Resources Board. However, PL 96-304 (8 July 1980) reduced the number of bonus eligible positions from 50 percent (the original quota specified in the CSRA) to 25 percent. Then, the Office of Personnel Management, in a Memorandum to Heads of Departments and Agencies dated 21 July 1980, provided further guidance which stated that "agencies should generally limit bonuses to 20 percent of the eligible career employees." This memorandum also limited the number of executives eligible for bonuses of 12% to 20% (see Appendix G for a copy of the text of the memorandum). Therefore, in order to ensure that every executive would have an equal opportunity to receive the maximum allowable bonus while maintaining the necessary decentralization, the Executive Resources Board decided to add the Central PRB as a sixth board. Under the new configuration, the five organizational boards would forward their nominations to the Central PRB.

The Secretary of the Air Force specified the membership of the Central PRB so as to ensure the most equitable representation of the senior executives. The board consists of seven members, the majority being career senior executives. The president of the board is a career SES member from the Office of the Secretary of the Air Force. Membership also includes a career executive from another agency to minimize the possibility of favoritism or discrimination by the board. General Officers are appointed to the Central PRB to provide maximum management representation. The five organizational boards are represented by either career executives, noncareer executives, or general officers on the Central PRB. This mix of individuals is believed to provide the most objective, unbiased, and representative membership possible.

Each organizational PRB may nominate up to 30 percent of the executives it considers for a bonus. All the executives nominated by the organizational boards are considered by the Central PRB. The Central board ranks the executives so as to ensure maximum equity in awarding bonuses to the most deserving executives, and recommends up to 20 percent of the career SES members for a bonus. Since the rating rendered by the executive's supervisor was only an initial rating, the PRB also recommends final overall performance ratings for all career SES members. The recommended bonus and ratings are then sent to the Secretary of the Air Force for final determinations.

III. DISCUSSION

The development of the SEAS was accomplished under severe time constraints as specified in the CSRA. While the CSRA required that the SEAS be implemented by 1 October 1979, AFHRL was not tasked to participate in the development of the appraisal system until March 1979. Therefore, in less than 7 months, the Laboratory had to develop the system and the training, test and modify the system and the training, train the executives and their supervisors, and operationally implement the system.

The support provided to AFHRL at all levels of Air Force management, including the Director of Civilian Personnel and the Air Force Civil Service Reform Act Working Group, was outstanding. Senior executives and general officers were available at all stages of development to ensure an appropriate system was delivered and that there was a feeling of involvement on the part of the executives and higher level management in the design of the SEAS.

The inclusion of the executives in the development of the system proved to be extremely important. During the actual implementation phase, the individuals who participated in the SEAS development actively supported the system by explaining the rationale for the various aspects of the SEAS to their peers. Without this support, implementation of the system may have been subverted by passive or active resistance.

Another important consideration in the implementation phase was the necessity for high level management support. Since management was included in the development, they had a vested interest in the system and were supportive. Also, a letter from the Deputy Assistant Secretary of the Air Force for Civilian Personnel Policy supporting the new system was read at every SEAS training session. This letter made it clear that the system was mandated by law, approved by the Office of Personnel Management, and supported by the Secretary of the Air Force. Support of this nature precluded executives from assuming the new system was something that would go away, could be ignored, or changed at will.

The operational training sessions also provided a number of important insights. In all the training sessions, the more accurate performance plans were developed when the supervisor and executive worked together. Although the executives performed admirably during the first half of the training session, the added input and sense of commitment provided by the supervisor enhanced the performance plan development process. Some senior executives were unable to meet with their supervisors and could not accurately specify their supervisor's expectations and were therefore unable to develop an effective performance plan during the training session.

Some other very important lessons were learned from the training. The training was designed to minimize the participation time required of the supervisors. However, some of the high ranking military supervisors felt that they did not receive sufficient information to participate effectively in the SEAS. In the future, training should be designed so as to provide all participants the same information. This will minimize the perception that any one individual or group is obtaining important information to which others are not privy.

Dialogue and feedback in the training provided important insights to the type of appraisal form executives perceived as appropriate. Most of the executives and their supervisors felt that the form should be limited to a single page while allowing the flexibility necessary to address the wide variety of jobs inherent in appraising senior executives. The more closely the form approximated a blank sheet of paper, the more acceptable it appeared to be. The final appraisal form is included as Appendix E.

An essential part of any dynamic system is a well developed, on-going evaluation and analysis plan. The executives, their supervisors, and the PRB members must be given an opportunity to express their attitudes toward the system and to provide feedback on the operational effectiveness of the system. The adequacy of the performance plans should be determined. Every facet of the SEAS that can be checked or

measured should be. This information may be used to initiate changes that would make the SEAS more usable and acceptable to executives and their supervisors.

It is imperative that any appraisal system be designed to incorporate appropriate changes whenever appropriate. Executives must know that their comments, suggestions, and requirements are being considered when changes are made to improve the system. Appropriate update to the system may also help to minimize inflation. It is extremely important that the users, the SES personnel, perceive the system as stable.

IV. SUMMARY AND RECOMMENDATIONS

The Air Force Senior Executive Appraisal System (SEAS) meets both the intent and the letter of the Civil Service Reform Act of 1978. The SEAS provides executives an opportunity to consult with their supervisors and to specify the performance requirements for the upcoming rating period. At least one requirement must be designated as critical. At the end of the appraisal period, the supervisor will rate the executive and provide written, objective justification for the initial rating. The appraisals will be forwarded to one of five organizational PRBs. These boards will select the top 30% of the executives based on performance. The appraisals of these individuals will then be considered by the Central PRB, and the best performers in the Air Force (approximately 20% of the executives in the Air Force) will be recommended to the Secretary of the Air Force for bonuses.

The appraisal system developed for Air Force senior executives is a major, initial step in providing an objective system for measuring executive performance. The initial feedback indicates that most executives find it difficult to state their responsibilities objectively. However, after they have worked with the system for a while, the process should become substantially easier. The key to the SEAS is that it provides an opportunity to express reasonable expectations for the appraisal period while maintaining sufficient flexibility to incorporate recognition of performance on unanticipated requirements.

In order for the SEAS to maintain its usefulness, viability, and credibility, it is recommended that the Office of the Air Force Director of Civilian Personnel ensure that the following steps be taken:

1. all new members must receive adequate training upon entering the SES.
2. new supervisors of SES members must receive adequate training.
3. training should be continually updated to meet the needs of the members of the SES and their supervisors.
4. the SEAS should be continually monitored to detect any systematic discrimination and/or deficiencies.
5. a tracking system should be developed to ensure the performance plans are developed and reviewed at the beginning of the rating period.
6. the PRB procedures must be monitored and revised to ensure maximum objectivity.
7. required changes should be implemented in a timely manner, and
8. members of the SES and their supervisors must be given accurate and timely feedback that will assist them in participating effectively in the SEAS.

The conscientious implementation of these recommendations is essential if the SEAS is to perform effectively the functions for which it was designed.

APPENDIX 4: GUIDELINES FOR THE DEVELOPMENT OF A SENIOR EXECUTIVE APPRAISAL SYSTEM

Public Law 95-454

Title IV of the Civil Service Reform Act (CSRA) Section 402 establishes "a Senior Executive Service to ensure that the executive management of the Government of the United States is responsive to the needs, policies, and goals of the Nation and otherwise is of the highest quality." Section 405 requires each agency, in accordance with standards established by the Office of Personnel Management, to develop one or more performance appraisal systems designed to accomplish the following:

1. Permit the accurate evaluation of performance in any position on the basis of criteria which are related to the position and which specify the critical elements of the position.
2. Provide for systematic appraisals of performance of senior executives.
3. Encourage excellence in performance by senior executives.
4. Provide a basis for making eligibility determinations for retention in the Senior Executive Service and for Senior Executive Service performance awards.

The CSRA also requires that the agency performance appraisal ensures the following:

1. On or before the beginning of each rating period, performance requirements for each senior executive in the agency are established in consultation with the senior executive and communicated to the senior executive.
2. Written appraisals of performance are based on the individual and organizational performance requirements established for the rating period involved.
3. Each senior executive in the agency is provided a copy of the appraisal and rating...and is given an opportunity to respond in writing and have the rating reviewed by an employee in a higher executive level in the agency before the rating becomes final.

The CSRA further specifies the following:

1. Each performance appraisal system shall provide for annual summary ratings of levels of performance as follows:
 - a. One or more fully successful levels.
 - b. A minimally satisfactory level.
 - c. An unsatisfactory level.
2. Each performance appraisal system shall provide that —
 - a. any appraisal and any rating under such system —
 - (1) Are made only after review and evaluation by a performance review board.
 - (2) Are conducted at least annually.

- (3) In the case of a career appointee, may not be made within 120 days after the beginning of a new Presidential administration; and
 - (a) Are based on performance during a performance appraisal period.
 - (b) Any career appointee receiving a rating at any of the fully successful levels... may be given a performance award.
 - (c) Any senior executive receiving an unsatisfactory rating... shall be reassigned or transferred within the Senior Executive Service, or removed from the Senior Executive Service, but any senior executive who receives two unsatisfactory ratings in any period of 5 consecutive years shall be removed from the Senior Executive Service.
 - (d) Any senior executive who twice in any period of 3 consecutive years receives less than fully successful ratings shall be removed from the Senior Executive Service.
- 3. a. Each agency shall establish... one or more performance review boards, as appropriate. It is the function of the boards to make recommendations to the appropriate appointing authority of the agency relating to the performance of senior executives in the agency.
 - b. The supervising official of the senior executive shall provide to the performance review board, an initial appraisal of the senior executive's performance. Before making any recommendation with respect to the senior executive, the board shall review any response by the senior executive to the initial appraisal and conduct such further review as the board finds necessary.
 - c. Performance appraisals... with respect to any senior executive shall be made by the appointing authority only after considering the recommendations by the performance review board with respect to such senior executive...
 - d. Members of performance review boards shall be appointed in such a manner as to assure consistency, stability, and objectivity in performance appraisal. . . .

Office of Personnel Management (OPM) Guidance

In Special Bulletin 31, FPM Bulletin 920-9 the Office of Personnel Management provided further guidance on SES Performance Review Boards as follows:

Membership Guidance

- 1. Each performance review board in an agency should have three or more members appointed by the head of the agency or by another official or group....
- 2. The supervisory official who made the initial appraisal of an executive should not be a member of the PRB considering the appraisal of that executive. However, this

supervisor may be called to appear before the PRB as it conducts "such further review as it finds necessary."

3. Members of a PRB can include all types of Federal executives from within and outside the agency. Individuals who are not Federal employees may also serve on PRBs (e.g., representatives of a professional association). Generally, PRB members should be in positions equivalent to SES positions. Members can include military officers and noncareer officials, but when a career appointee is being appraised, a majority of the PRB must be career SES appointees.
4. Except where it is impossible because of the level of the position within the agency, the executive must have the opportunity to have the appraisal reviewed by a higher level executive within the agency. This higher level executive need not be a career SES appointee...
5. Federal members of the PRB should have current fully successful performance ratings... and not be a direct subordinate of the executive whose performance is under review.

Guidance on PRB Functions

1. Each PRB reviews and evaluates the initial appraisal and rating by the senior executive's supervisor. . . .
2. A PRB can review any aspect of the appraisal process. . . .
3. A PRB should make a written recommendation concerning an executive's appraisal and rating. . . . No appraisal or rating is final until the appointing authority takes final action.
4. A PRB is also responsible for making recommendations to the appointing authority concerning individual awards to be granted to fully successful career appointees. . . .

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APPENDIX C: BIAS ANALYSIS FOR THE SIMULATED PRB

The experiment was designed to ensure that the members of the "mock" board reviewed the same 22 appraisals each day. These appraisals were divided into four sets. On day one, set 1 was composed of six appraisals with Hispanic surnames, set 2 was composed of six appraisals with Anglo names, set 3 was composed of five appraisals with female names, and set 4 was composed of five appraisals with male names. On day 2, the names were reversed so that set 1 was composed of six Anglos, set 2 was composed of six Hispanics, set 3 was composed of five males, and set 4 was composed of five females. Table C1 provides a listing of the mean scores and standard deviations for the various groups.

Table C1. Comparison of Means and Standard Deviations of Four Sets of Appraisal Scores by Day, Ethnic Group, and Sex

| | | Day 1 | | | Day 2 | | | |
|-------|----------|-------|------|------|----------|---|------|------|
| | | N | X | SD | N | X | SD | |
| Set 1 | Hispanic | 6 | 5.87 | .885 | Anglo | 6 | 5.72 | .542 |
| Set 2 | Anglo | 6 | 6.28 | .676 | Hispanic | 6 | 5.54 | .456 |
| Set 3 | Female | 5 | 6.27 | .686 | Male | 5 | 5.83 | .782 |
| Set 4 | Male | 5 | 6.95 | .761 | Female | 5 | 6.43 | .895 |

The results of the two days were combined to minimize the effects of practice and other sundry intervening variables. The results are summarized in Table C2.

Table C2. Comparison of Mean Scores of Appraisals by Ethnic Group and Sex^a

| | Mean | SD | N | t | df |
|----------|------|------|----|-------|----|
| Anglo | 6.00 | .654 | 12 | 1.06* | 22 |
| Hispanic | 5.71 | .692 | 12 | | |
| Male | 6.39 | .936 | 10 | 0.11* | 18 |
| Female | 6.35 | .757 | 10 | | |

^aWith comparable performance plans and ratings.

*No significant difference at $p < .05$.

APPENDIX D: SUGGESTED BRIEFING FOR PRB MEMBERS

Welcome:

(insert name of board member) Welcome to *(insert location)*

Purpose:

The purpose of this Performance Review Board is to assure the consistency, stability, and objectivity of the Senior Executive Appraisal System by providing recommendations to the Appointing Authority, *(insert name of Appointing Authority)*. This board shall recommend a final rating and a bonus amount for each senior executive considered.

Authority:

This board is convened pursuant to the requirements of Title Four, Section 405 of the Civil Service Reform Act and Air Force Regulation 40-2 (Executive Assignment) subchapter 6.

Task:

Your job is to evaluate *(insert number here)* senior executives to determine which should get a bonus. Your budget is *(insert amount here)*. However you are not required to distribute the entire amount. The maximum number of executives eligible for a bonus is *(insert number here)*. Once again, it is important to stress that it is not necessary to distribute bonuses to all eligibles. It is more important that you use your experience and judgment to distribute the money wisely.

Board Schedule:

The schedule for this Performance Review Board will be as follows. You will receive a detailed briefing which specifies the procedures to be used by this board. At the conclusion of the briefing, you will participate in a trial run. The purpose of the trial run is to provide you a preview of the appraisals you will be evaluating and the procedures you will be using. The trial run will be discussed in more detail later. After the trial run, you will be scoring actual Senior Executive Appraisals for the record. This procedure will continue until all appraisals are scored and all differences resolved. The Board Secretary will then compute the final order of merit and bonus amounts based on your scores. You will then specify your recommended rating. Once the list is finalized, it will be sent to the Appointing Authority as the recommendation of this PRB.

Board Organization:

The majority of the members on each PRB are career SES personnel. However, the system was designed to incorporate participation by non-career, military, minority, and female personnel. All Performance Review Boards, except the one at Air Force Systems Command, will have five members—a president and four panel members. The AFSC board will have nine members—a president and two panels, with each panel having four members.

Eligibility Criteria:

In order for Senior Executives to be eligible for a bonus, they must be career members of the SES. The executives must have received an initial rating from their supervisor of Fully Successful, Excellent, or Outstanding; and they must have been in the system for at least 120 days.

Appraisal:

The SES performance appraisals you will be reviewing have two major components: (a) the Performance Plan, and (b) the justification and rating. In order to provide some continuity and standardization, the performance plan is divided into three performance areas—Function/Program in which the executives should list requirements relative to the programs or other endeavors for which they are responsible, Management in which they list supervisory or other management responsibilities, and Individual in which the executive should list the requirements unique to him or her, or self-improvement endeavors. At least one performance requirement should be specified for each performance area. Performance Requirements should be objective specifications of results to be achieved by the executive during the rating period. Each performance plan must contain at least one critical requirement. A critical requirement is defined as any requirement of the job which is sufficiently important that inadequate performance of it outweighs acceptable performance in other aspects of the job. The performance requirements are also weighted to indicate their relative priority or importance. The sum of the weights must equal 100. The evaluation provided by the supervisor will consist of a rating of Unsatisfactory, Minimally Acceptable, Fully Successful, Excellent, or Outstanding for each performance requirement and an overall rating. The rating provided by the supervisor is an initial rating; you will be recommending the final rating to the appointing authority. A written justification by the supervisor for the ratings of each performance requirement should also be included. When reviewing the appraisal, you should consider the criticality and priority weight of the performance requirements along with their ratings.

Evaluation Process:

In order to effectively and objectively evaluate the executives, each of you will individually score each appraisal. These individual scores should be determined without any discussion between or among the various board members. The board president should also score each appraisal in order to be acquainted with the performance of all the executives. When scoring the appraisal, you should base your decisions on the performance of the executive rather than his or her position. You should consider the performance requirements specified in the plan, as well as the executive's achievements identified in the justification section of the form. In some instances, the planned performance requirements may be so difficult that merely meeting them would be a greater accomplishment than those rated as outstanding for other executives. Some criteria you should consider when scoring the appraisals are (a) the level of effort required by the executive to meet the performance requirement and accomplish the results indicated, (b) the amount of personal attention required to manage and monitor the results, and (c) the potential for gain or loss of organizational or personal prestige inherent in the performance requirements. A form (Attachment 1) is supplied for your use to evaluate the executive against these criteria. The form is intended as an aid, but you need not use it if you do not wish to. Once again, it is important to stress that your maturity, judgment, and experience are the most important factors in determining the overall score.

Scoring Scale:

As mentioned earlier, your task is to recommend senior executives for bonuses by aligning them in a relative order of merit. You will do this by using the scoring scale on this slide (Attachment 2), rather than by using a more complicated ranking procedure. As you can see, the scale ranges from 1 to 10 with whole number increments. You should use a value of five as your assessment of the average executive's achievement. Those clearly above average should receive a score in the higher range and those below average should receive a score in the lower range. While this and similar scoring scales have proven themselves over the years, the major pitfall you need to avoid is central tendency; that is, using only two or three closely related scores for most of the appraisals. In essence, a board member who does this becomes a constant in the scoring process and is deferring his or her decision making authority to the other board members.

Procedures:

Since each appraisal is scored by the entire board, there are usually minor differences in scores between members. These minor differences are expected and appropriate. However, whenever the difference between the scores of any two board members is greater than three points, a split has occurred and the appraisal must be rescored, after relevant discussion, by the entire board. Once all the scoring and rescoreing have been completed, the board secretary (*insert name here*) will compute the average score of each executive. This average board score will be used to rank the executives and determine the order of merit. Once the order of merit is ascertained, the board will use it to determine which executives will get a bonus. If there is no suitable, obvious cutoff point, the board may award up to (*insert number here*) executives a bonus. If two or more individuals are tied at the point determined by the board to be the appropriate cutoff point, then the tie must be broken. In this circumstance, the panel members, under the direction of the board president, will discuss the appraisals of the executives involved and rank them to determine the final order of merit. Once these tasks are completed, this PRB will have completed the evaluation process.

President's Duties:

Although (*insert name here*) as the board president is not generally considered a scoring member of the board, we strongly suggest that (*insert "he" or "she"*) personally score all the appraisals to ensure a familiarity with each individual being considered. However, in certain circumstances, the board president is required to substitute for a board member and actually score the appraisal for the record. The president must score if the appraisal of a board member is being considered or if the supervisor or a subordinate of a board member is being considered. This is to ensure that PRB members are not required to score their own appraisals nor those of their supervisors and employees. The board president is also responsible for directing the discussion of the board when resolving splits or breaking any ties that may exist at the cutoff point. If a situation arises where the PRB is unable to resolve a dispute, even after lengthy discussion and numerous rescoreing attempts, then it is the responsibility of the board president to rescore the disputed appraisal using (*insert "his" or "her"*) personal knowledge, experience, and judgment. Any decision made by the board president, in this circumstance, will be final.

General:

If the special case arises where one board member and the board president are ineligible to score an appraisal, then the average score of the remaining three board members will be used to determine the executive's merit score. Also, it is the prerogative of this board to use any additional information deemed necessary to effectively evaluate a senior executive's appraisal. You may want to have informal discussions with (*insert name here*), the appointing authority, to ensure common objectives. Once the order of merit is finalized, the board secretary will compute the appropriate bonuses based on a formula approved by the Executive Resources Board. After you have had a chance to review the bonus amounts, your task will be to recommend a final rating of Outstanding, Excellent, or Fully Successful. An executive receiving a final rating of Outstanding will be authorized a bonus of up to 20% of his or her actual base pay; whereas an executive who receives a final rating of Excellent may receive a bonus up to 15% of his or her base pay, and the executive rated Fully Successful may receive up to 10% of his or her base pay. Remember, even though this board is authorized to award up to (*insert number here*) bonuses, there is no requirement that all eligibles be awarded a bonus. It is much more important that you use your budget wisely and reward those executives who are truly deserving of a reward. The Secretary of the Air Force has taken a personal interest in the PRB process and has written the following letter, from which I quote: (Read letter).

Trial Run:

We have mentioned the trial run previously, and at this time I would like to give you more information on how that exercise actually operates. After the briefings, we will adjourn to the scoring tables at which time you will be given five trial run appraisals. These appraisals have been carefully selected to represent the full spectrum of quality from the least to the best qualified executive. We will ask you to score these appraisals without discussion, as you would during the normal board process. However, for these five appraisals, we do suggest that you take notes using the form provided. After a break, we will have your scores posted. At that time, we will ask you to share your rationale for scoring the five appraisals. The purpose of this exercise is to help each of you establish your own individual scoring standard, as well as a board scoring standard. The major purpose of this exercise is to ensure consistency.

Performance Review Boards are appointed to select the most deserving individuals regardless of command of assignment or position. When making recommendations, keep in mind that you, as a board member, are representing the Air Force at large. You were selected because you are senior, mature, experienced individuals. Each of you takes an oath to serve without prejudice or partiality, having in view both the special fitness of the executive concerned and the efficiency of the United States Air Force. When you enter this board room, you are expected to take actions which are in the interest of the Air Force as a whole and not any one particular command. While here, you are working for the Secretary of the Air Force with *(insert name of Board President here)* to guide your action.

The names of the individuals comprising the membership of the board will be publicly released when the selection list is announced. However, the way board members voted on any particular case and the ground rules which the board established in making its selections are privileged information and may not be disclosed. Lists of names of individuals selected or not selected and statistics of the board's results by any particular group will not be maintained by you and your knowledge of them will not be disclosed to anyone. There is no prohibition on disclosing within the Air Force community such information as the overall numbers considered and selected, the manner in which the board was organized, the general procedures it followed, or the number and grade of its membership. However, it is your responsibility to ensure that objective decisions are made and the actual workings of the board remain confidential.

PERFORMANCE REVIEW BOARD WORKSHEET

SENIOR EXECUTIVE PERFORMANCE FACTORS

MEMBER NO

| | |
|--------------------------|----------------------|
| EXECUTIVE IDENTIFICATION | |
| NAME | TITLE & ORGANIZATION |

PRB member's notes pertaining to the DIFFICULTY and RISK associated with the performance plans and achievements of the Senior Executive.

| LEVEL OF EFFORT REQUIRED TO ACCOMPLISH THESE RESULTS | NOTES |
|--|-------|
| <input type="checkbox"/> HIGH EFFORT <input type="checkbox"/> <input type="checkbox"/> MEDIUM <input type="checkbox"/> <input type="checkbox"/> LOW EFFORT | |

| AMOUNT OF ATTENTION REQUIRED TO MANAGE AND MONITOR THESE RESULTS | NOTES |
|--|-------|
| <input type="checkbox"/> CONSTANT ATTENTION <input type="checkbox"/> <input type="checkbox"/> MODERATE <input type="checkbox"/> <input type="checkbox"/> LITTLE ATTENTION | |

| POTENTIAL FOR GAIN/LOSS OF ORGANIZATIONAL OR PERSONAL PRESTIGE | NOTES |
|--|-------|
| <input type="checkbox"/> HIGH RISK <input type="checkbox"/> <input type="checkbox"/> MEDIUM <input type="checkbox"/> <input type="checkbox"/> LOW RISK | |

| | |
|--|---|
| ASSESSMENT OF EXECUTIVE'S PLAN LOW MEDIUM HIGH <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | ASSESSMENT OF EXECUTIVE'S ACHIEVEMENT LOW MEDIUM HIGH <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> |
|--|---|

SUMMARY SCORE (circle one)

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|----|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|----|

SCORING SCALE

| | |
|---------------|------------------------------------|
| SUPERIOR | 10 - HIGHEST SCORE POSSIBLE |
| ABOVE AVERAGE | 9 - TRULY OUTSTANDING PERFORMANCE |
| | 8 - FEW EXECUTIVES COULD BE BETTER |
| | 7 - WELL ABOVE AVERAGE |
| | 6 - SLIGHTLY BETTER THAN AVERAGE |
| AVERAGE | 5 - TYPICAL SENIOR EXECUTIVE |
| BELOW AVERAGE | 4 - SLIGHTLY BELOW AVERAGE |
| | 3 - BELOW AVERAGE |
| | 2 - WELL BELOW AVERAGE |
| | 1 - LOWEST IN PERFORMANCE |

APPENDIX E: SENIOR EXECUTIVE APPRAISAL FORM

(DETACH INSTRUCTIONS AFTER COMPLETING THIS FORM.)

| | |
|--|--|
| EXECUTIVE NAME | RATING OFFICIAL NAME |
| POSITION, ORGANIZATION TITLE, AND LOCATION | POSITION, ORGANIZATION TITLE, AND LOCATION |
| REASON FOR APPRAISAL | PERIOD OF PERFORMANCE FROM _____ TO _____ |
| PERFORMANCE AREAS | |
| I. PERFORMANCE REQUIREMENT (PRI): RESULTS TO BE ACHIEVED TO BE FULLY SUCCESSFUL | |
| A | |
| "X" if Critical | |
| Priority Weight C | |
| ACTION/RESOURCES REQUIRED D | |
| E | |
| DATE | SIGNATURE OF EXECUTIVE |
| DATE | SIGNATURE OF RATING OFFICIAL |
| AF FORM 925 4FP 70 | |
| SENIOR EXECUTIVE APPRAISAL | |

II. JUSTIFICATION OF RATINGS**3. DESCRIBE PERFORMANCE/BEHAVIOR ON ALL CRITICAL REQUIREMENTS AND ALSO NONCRITICAL REQUIREMENTS RATED U (Unsatisfactory), M (Minimally Acceptable), O (Outstanding)**

| | | | | | | | | | | | | | | | |
|--|--|---|---|---|---|--|--|--|--|--|---|--|---|---|--|
| RATING/CONCURRENCES | | | | | | | | | | | | | | | |
| RATING (TO BE COMPLETED BY RATING OFFICIAL) | | | | | | | | | | | | | | | |
| RECOMMENDED OVERALL RATING | | | | | | | | | | | | | | | |
| <p><i>(Ratings for ALL critical requirements must be above 'U', to support rating of 'O', 'E', or 'F')</i></p> <table border="0"> <tr> <td><input type="checkbox"/> O - OUTSTANDING</td> <td><input type="checkbox"/> F - FULLY SUCCESSFUL</td> </tr> <tr> <td><input type="checkbox"/> E - EXCELLENT</td> <td><input type="checkbox"/> M - MINIMALLY ACCEPTABLE</td> </tr> <tr> <td><input type="checkbox"/> U - UNSATISFACTORY</td> <td></td> </tr> </table> | | | | | | | | | | <input type="checkbox"/> O - OUTSTANDING | <input type="checkbox"/> F - FULLY SUCCESSFUL | <input type="checkbox"/> E - EXCELLENT | <input type="checkbox"/> M - MINIMALLY ACCEPTABLE | <input type="checkbox"/> U - UNSATISFACTORY | |
| <input type="checkbox"/> O - OUTSTANDING | <input type="checkbox"/> F - FULLY SUCCESSFUL | | | | | | | | | | | | | | |
| <input type="checkbox"/> E - EXCELLENT | <input type="checkbox"/> M - MINIMALLY ACCEPTABLE | | | | | | | | | | | | | | |
| <input type="checkbox"/> U - UNSATISFACTORY | | | | | | | | | | | | | | | |
| PERFORMANCE AREA RATING | | | | | | | | | | | | | | | |
| | O | E | F | M | U | | | | | | | | | | |
| FUNCTION: PROGRAM | | | | | | | | | | | | | | | |
| MANAGEMENT | | | | | | | | | | | | | | | |
| INDIVIDUAL | | | | | | | | | | | | | | | |
| RATING OFFICIAL SIGNATURE | | | | | | | | | | | | | | | |
| DATE | SIGNATURE OF EXECUTIVE | | | | | | | | | | | | | | |
| <p>4. RATEE CONCURRENCE (Completed by executive) <input type="checkbox"/> CONCUR WITH THE RATING <input type="checkbox"/> I HAVE THE FOLLOWING COMMENTS: (Continue on separate sheet if necessary)</p> | | | | | | | | | | | | | | | |
| DATE | <p>5. REVIEWING OFFICIAL CONCURRENCE (Completed by higher level than initial rater) <input type="checkbox"/> CONCUR WITH RATING <input type="checkbox"/> COMMENTS (Continue on separate sheet if necessary)</p> | | | | | | | | | | | | | | |
| DATE | <p>REVIEWING OFFICIAL SIGNATURE</p> | | | | | | | | | | | | | | |
| DATE | <p>ORGANIZATION TITLE AND LOCATION</p> | | | | | | | | | | | | | | |

INSTRUCTIONS FOR SENIOR EXECUTIVE APPRAISAL FORM

Complete in three copies. File original in separate envelope on left side of Official Personnel Folder, copy two to supervisor and copy three to Senior Executive Service member.

Block A: The senior executive and the rating official jointly develop a work plan prior to the beginning of the annual rating period. The rating official retains final approval authority for the performance requirements assigned.

The senior executive will complete the top portion of the form with his/her name, position, organization, title and location which he/she is assigned.

The senior executive will complete the blocks identifying the rating official and specifying the period of time the appraisal will cover and reason that the appraisal will be rendered: e.g., annual performance rating, change of supervisor, major change of assignment, reassignment, etc.

The appraisal form contains three sections (I. Performance Areas; II. Justification of Ratings; and III. Rating Comments).

I. PERFORMANCE AREAS:

Performance Requirements:

Performance requirements will be recorded in one or all three performance area categories:

- (a) function program, i.e., program planning; program implementation; completing studies, reports and contracts; developing new policies; program information exchange, dissemination or documentation;
- (b) management, i.e., organizing, budgeting, personnel utilization and development; internal/external communications; E&O; administrative activity, etc.;
- (c) individual; team participation in special projects; Ad Hoc committees and task teams; development or action on innovative ideas; professional development, conferences and seminars, and other development activities.

Each performance area may contain one or more performance requirement. A performance requirement specifies the result to be achieved, the measured level of achievement, and the time it must be achieved for a fully successful performance. These requirements will be developed between the senior executive and the rating official.

Column A: Performance requirements will be typed to designate the category (a) function, (b) management (c) individual) with which the performance requirement area is identified. These requirements should be concise enough to be stated in the space allocated on the form. Copying on sheets should not be used.

Column B: If the performance requirement is identified as critical to the position, an "X" will be placed in Column B. Note that at least one performance requirement for each SES rating area must be identified as critical. A critical requirement is any requirement of the job which is statistically important that inadequate performance in the execution of the job. Critical elements are normally identified relative to a major duty or responsibility of the job.

Column C: Each performance requirement will have a priority weight assigned which indicates the relative importance of that performance requirement to the total senior executive position. The total of the priority weights must equal 100. Critical elements will generally but not necessarily receive a higher priority.

Column D: Will identify the milestones and inputs from outside sources which will be necessary to achieve the performance requirements.

Column E: Will contain the rating official's evaluation and is not a part of the performance work plan.

After development of the performance plan, the senior executive and the rating official will sign and date to acknowledge the senior executive's performance work plan. These signatures are not applicable to the rating in Column E.

During the period of performance, "feedback" is provided to the senior executive and revisions made to the performance work plan as a part of the normal management process. Critical elements and performance requirements are revised during the rating period to take changing circumstances into account.

II. JUSTIFICATION OF RATINGS:

Block 2: The rating official will enter succinct statements describing the senior executive's performance/behavior on all performance requirements which were identified as critical for which he/she assigned a rating of outstanding, minimally acceptable, or unsatisfactory. He/she must also include a general statement that all other performance requirements were performed at a successful level.

III. RATING/CONCURRENCE:

Block 3: The rating official will award a rating for each of the three performance areas by entering an "X" on each of the three lines of the table under the corresponding rating symbol. The rating official will also award an overall rating, which may not necessarily be an average of the ratings for the performance areas. Note that the rating official may not recommend an overall rating of outstanding, exceptional, or fully successful if the rating of any performance requirement identified as critical is rated unsatisfactory. The rating official must sign and date when the ratings are made.

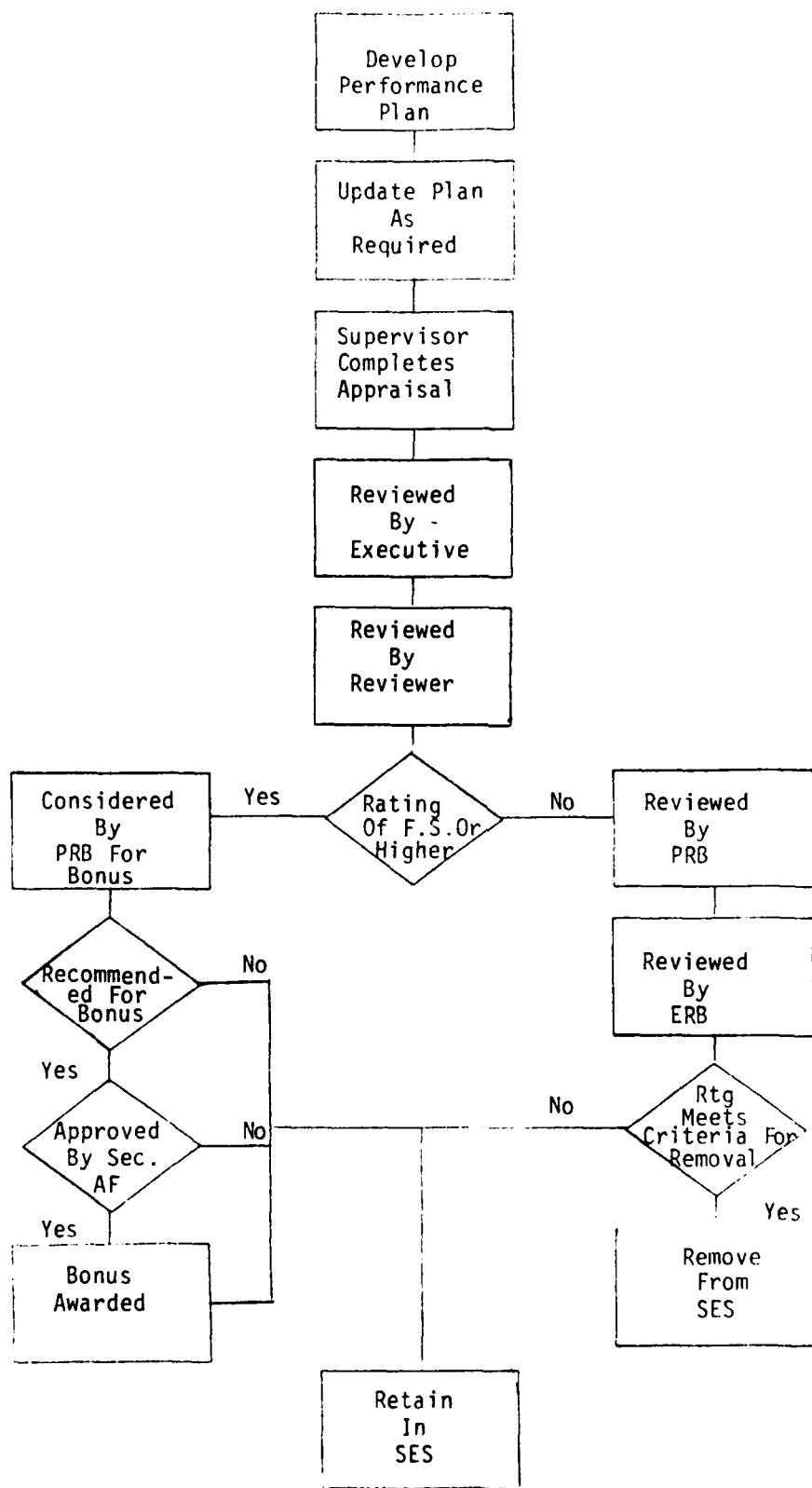
Block 4: After the rating official completes his/her portion (Block 3 above), the senior executive will be provided the opportunity to review the rating. He/she must indicate his/her concurrence and/or submit comments. He/she must sign and date the form.

Block 5: The senior executive's appraisal with comments, if added, will be reviewed by an official higher than the initial rater prior to forwarding to the Performance Review Board.

APPENDIX F: SENIOR EXECUTIVE APPRAISAL SYSTEM FLOW CHART

SENIOR EXECUTIVE APPRAISAL SYSTEM

FLOW CHART



APPENDIX G: OPM GUIDELINE ON SES BONUSES

In a memorandum, dated 21 July 1980, to the Heads of Departments and Agencies, Dr. Alan K. Campbell, the Director of the Office of Personnel Management, stated:

The Office of Personnel Management, with the advice of other agencies, has prepared the following guidance in respect to awarding Senior Executive Service performance awards (bonuses). In part, this guidance reflects the appropriation act limitation restricting the proportion of SES members who may receive bonuses to no more than 25 percent of the number of SES positions in the agency. In addition, we are responding to strong Congressional concern that the 25 percent be viewed as a ceiling. We are therefore enunciating guidance on the number and distribution of awards which we strongly recommend agencies to follow. GAO in cooperation with OPM has been directed by the Congress to do a thorough study of bonus payments. Any agency which chooses to award bonuses in excess of the number or distribution recommended below must consult in advance with the Director of OPM.

1. Number of Awards

Agencies are limited in payment of bonuses to a maximum of 25 percent of SES positions. The Congress has made it clear that the 25 percent figure is to be a limit, not the norm. Agencies should generally limit bonuses to 20 percent of the eligible career employees. If the agency head feels a higher proportion is essential, he or she must consult with the Director of OPM.

2. Distribution of Awards

In deciding the amount of bonus to be paid, agencies with 100 or more career Senior Executives should not exceed the limitations shown below. These limits cannot be rigidly applied in small agencies, but should be considered as general guidelines.

- (a) Bonuses of 20% should be limited to no more than 5% of those receiving bonuses.
- (b) Bonuses of 17-20% should, in total, be limited to no more than 10% of those receiving bonuses.
- (c) Bonuses of 12-20% should, in total, be limited to no more than 25% of those receiving bonuses.

3. General Procedural Recommendations

- (a) One area about which a number of legislators were concerned was the perception that members of Performance Review Boards would be taking care of themselves and their friends in the awarding of bonuses. We do not believe that this concern has substance, but to further add to the objectivity of the review process, an agency may wish to include on its PRB panel one or more members from another Federal agency. OPM will maintain a list of experienced career Senior Executives who could serve on PRB's across agency lines if the agency so requests. This same procedure might well be useful in the future in passing on proposed nominations for Meritorious and Distinguished Presidential Rank within an agency.
- (b) Each agency should publish a notice in the Federal Register of the agency's schedule for awarding bonuses at least 14 days prior to the date on which the awards will be paid.
- (c) Career Senior Executives are eligible for both bonus and rank awards. *In general, agencies should avoid giving multiple awards to a single SES member in a year.*

The SES system provides agency management with an unprecedented level of discretion. It is vital that this discretion be used responsibly to establish a sound foundation for the future.

